

# Public Education (K-12) Funding Formula

OFFICE OF PERFORMANCE EVALUATIONS

Project Scope

August 2008

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Idaho uses a formula-based approach to allocate state funds to each school district (including public charter schools). School districts are then responsible for determining how funds are distributed to individual schools. Districts are also responsible for developing salary schedules and hiring staff. Idaho's formula primarily allocates funds using student attendance and the number of staff required by statute. When House Bill 001 passed in 2006, a greater proportion of the costs of public education shifted from local property tax revenue to the state sales tax revenue. The state took on nearly all of the costs of maintenance and operations, and school districts maintained their ability to pass facility bonds and supplemental levies.

More and more states are examining how they allocate funds to public education. Historically, states focused on the *equity* issue, defined as how to fairly distribute available funds. More recently, focus has shifted to the *adequacy* of funding, often defined in terms of the amount of funding needed to achieve identified educational goals.

At its March 21, 2008 meeting, the Joint Legislative Oversight Committee unanimously voted to direct the Office of Performance Evaluations to examine the issue of the adequacy of kindergarten through grade twelve public education funding in Idaho (excluding the facilities and transportation components) by focusing on two objectives:

1. Evaluate how Idaho's approach to funding compares to other states and identify the strengths and weaknesses of those approaches.
2. Identify and evaluate adequacy issues from the stakeholder's perspective related to how funds are allocated to districts and individual schools.

To address these two objectives, this evaluation will address the following questions:

- What is the evolution of school finance in the United States and Idaho? How have changes in approaches to school funding been influenced by the concepts of equity and adequacy?
- How does Idaho currently fund public education? How do Idaho's methods compare to those of other states? Are there generally accepted benchmarks by which Idaho can be fairly compared to other states in terms of the cost-effectiveness of K-12 education? Are there any clearly identifiable strengths or weaknesses in Idaho's approach?
- According to Idaho's public education stakeholders, what are the adequacy issues in public education funding?
- How are states defining adequacy? What methods do states use to determine what constitutes an adequate education?
- Based on a review of other states and educational research, are there any best practices in school funding, especially as they relate to adequacy issues, which might provide useful guidance for Idaho?

**Projected completion date: January 2009**